

## **STATUS OF CLAIMS**

Claims 1 and 3-29 are pending.

Claims 1 and 3-29 stand finally rejected.

Claims 1, 4 and 15 have been amended, without prejudice or disclaimer.

## **REMARKS**

### ***Claim Amendments***

Support for the amendments to claim 1 and claim 15 amendments is found, for example, at Paragraphs [0023] to [0033] of the specification.

### ***Claim Objections***

Claim 4 stands objected to on the grounds that it depends on canceled claim 2. By the present amendment, this informality has been corrected.

### **Claim rejections-35 USC §112, Second Paragraph**

Claims 1 and 3-29 stand rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

The applicable standard is as follows:

The examiner's focus during examination of claims for compliance with the requirement for definiteness of 35 U.S.C. 112, second paragraph, is whether the claim meets the threshold requirements of clarity and precision, not whether more suitable language or modes of expression are available. When the examiner is satisfied that patentable subject matter is disclosed, and it is apparent to the examiner that the claims are directed to such patentable subject matter, he or she should allow claims which define the patentable subject matter with a reasonable degree of particularity and distinctness.

MPEP Section 2173.02 (emphasis in original).

As to claim 1, the Examiner states that the step of identifying a liability balance is unclear. The Examiner notes that the claim states that the liability balance is normally from the values of liabilities, and it is unclear how to find a liability balance from the assets.

This ground of rejection is respectfully traversed. A simple example is given in the specification, at Paragraph [0027], which states, referring to Fig. 6:

In this illustrative example, a liability balance of the long-term fund category is shown to be \$13,450,000.00. Also shown is a negative change in the value of the investment of \$2,507,550.00 has occurred during the reporting period. The balance of imposed liability on the fund category is next determined as the sum of the current balance and the change in investment. In this case, the balance of the imposed liability is represented as \$10,942,500.00.

Thus, one of ordinary skill in the art would understand that a liability balance is determined based on asset values. If more than one investment vehicle has been selected, the liability values must be accumulated. This language, read in the context of the specification, defines the patentable subject matter with the reasonable degree of particularity and distinctness required by Section 112, Paragraph 2.

The Examiner further states that it is not clear when or how the selected investment vehicles were selected. The Examiner states that there is no selection step. The Examiner inquires whether the allocation results in a selection of investment vehicles.

In response, claim 1 has been amended to specify that the selected investment vehicles are those to which the deferred payment has been allocated. Accordingly, this ground of rejection has been overcome.

The Examiner further states that the role of the phrase “and said received liability allocation associated with selected ones of said investment vehicles” is unclear. The Examiner states that the liability allocation does not have assets, so that accumulating assets of it does not make sense. The Examiner further states that the liability allocation might be 50% growth and 50% bonds, and inquires how one gets asset values from that.

Liability balances that are allocated among selected investment vehicles are illustrated in Fig. 6 and explained in Paragraphs [0027] to [0030], for example. Thus, in Figure 6, the total opening liability balance is \$13,450,000, allocated among four different types of investments. Thus, a received liability allocation may be associated with selected ones of investment vehicles. Accordingly, this ground of rejection has been overcome.

The Examiner further inquires, as to the divesting step, whether the phrase “a current account” refers to an additional account outside the portfolio. The Examiner states that the term “current” is relative, and that there is no standard for how current an account must be to be current.

In response, claim 1 has been amended to change “current account” to “portfolio account.” Accordingly, this ground of rejection as to claim 1 has been overcome.

With respect to claims 3 and 4, the Examiner states that the investment vehicles are associated with a deferred payment liability, not an asset, and that therefore it is unclear how the asset balance could be identified by accumulating balances of selected ones of the investment vehicles. However, the investment vehicles are also associated with assets. Accordingly, the rejection is respectfully traversed.

With respect to the rejection of claim 15, by the present amendment, claim 15 has been amended similarly to claim 1, and has also been amended to remove one occurrence of "identifying an asset balance..." Accordingly, the rejection of claim 15 has been overcome.

In view of the foregoing amendment and remarks, Applicant respectfully requests withdrawal of the rejections of claims 1 and 3-29 under 35 U.S.C. 112, second paragraph.

### ***35 USC §103(a) Rejections***

Examiner rejects Claims 1 and 3-29 as being unpatentable over OCC Bulletin 2000-23 in view of U.S. Patent No. 5,999,917 (Facciani).

The rejection of claim 1 is respectfully traversed on the grounds that the Examiner has failed to present a proper *prima facie* case of obviousness, for at least the reason that the proposed combination fails to teach all of the elements of the claim. Indeed, the Examiner's characterization of OCC 2000-23 involves the impermissible use of hindsight. The use of hindsight is improper in examination:

To reach a proper determination under 35 U.S.C. 103, the examiner must step backward in time and into the shoes worn by the hypothetical "person of ordinary skill in the art" when the invention was unknown and just before it was made. In view of all factual information, the examiner must then make a determination whether the claimed invention "as a whole" would have been obvious at that time to that person. Knowledge of applicant's disclosure must be put aside in reaching this determination, yet kept in mind in order to determine the "differences," conduct the search and evaluate the "subject matter as a whole" of the invention. The tendency to resort to "hindsight" based upon applicant's disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.

MPEP Section 2142.

The Examiner relies on a characterization of OCC 2000 as follows.

The Examiner states that OCC 2000-23 teaches hedging a liability created by a deferred payment. This characterization is correct.

The Examiner states that OCC 2000-23 teaches analysis of current and projected asset and liability balances. The Examiner states that this analysis would include receiving the allocation of liabilities and identifying the balances. The receiving step is not disclosed in OCC 2000-23, and thus this characterization of OCC 2000-23 is incorrect.

The Examiner states that OCC 2000-23 teaches establishing a target hedge effectiveness ratio which serves as a known relation between the balances. This characterization is not correct, is based on the improper use of hindsight to attempt to read claim limitations into the prior art. The prior paragraph of OCC 2000-23 states that the analysis usually documents the correlation between the liability and the equity securities, expected returns for the securities (including standard deviation of returns), and current and projected asset and liability balances. OCC 2000-23 does not provide a formula for a target hedge effectiveness ratio, and particularly does not teach that a target hedge effectiveness ratio is in the nature of a relation between the balances.

The Examiner further states that OCC 2000-23 teaches measuring this relation and establishing a program to correct imbalance. In fact, OCC 2000-23 recites a target hedge effectiveness ratio and establishing a method for measuring hedge effectiveness, and further establishing a process for altering the program if hedge effectiveness drops below acceptable levels. Contrary to the Examiner's statement, OCC 2000-23 fails to teach measuring a relation between the balances. Furthermore, OCC 2000-23, as it does not teach this relation between balances, does not teach establishing a program to correct imbalance. Rather, OCC 2000-23 recommends establishing a process for altering the hedge program if hedge effectiveness drops below acceptable levels. Thus, OCC 2000-23 teaches establishing a process for altering the hedge program; OCC 2000-23 does not provide a formula for hedge effectiveness, or state or recommend *how* a hedge program is to be altered. Moreover, OCC 2000-23 does not make any broad statement about correcting imbalance in general, but only a statement about alteration in the program if the hedge effectiveness drops *below* acceptable levels.

As OCC 2000-23, contrary to the Office Action, fails to teach at least a "known relation" between asset balance and liability balance, measuring the relation, and correcting imbalance, as recited in claim 1, the combination proposed by the Examiner fails to teach all of the limitations of claim 1. There is thus no proper *prima facie* case of obviousness. Accordingly, the rejection

of claim 1 under Section 103 should be withdrawn for at least this reason. The rejection of claims 3-14 under Section 103 should be withdrawn at least by virtue of the dependence of these claims from an allowable base claim.

As to claim 15, the rejection under Section 103 should be withdrawn on substantially the same grounds. Similarly, the rejection of claims 16-29 should be withdrawn at least by virtue of their dependence from allowable claim 15.

The rejection of claim 1 under Section 103 should also be withdrawn for the following independent reasons.

The Office Action states that OCC 2000-23 does not explicitly teach receiving from said account an allocation of liabilities associated with said at least one deferred payment allocated among at least one of said at least one investment vehicles. The Examiner states that Facciani teaches receiving from an account an allocation of liabilities associated with at least one deferred payment allocated among at least one investment vehicle in Fig. 4 and col. 7, lines 20-41. The Examiner further takes the position that it would have been obvious to a person of ordinary skill in the art at the time of the invention to modify OCC 2000-23 to teach receiving from said account an allocation of liabilities associated with said at least one deferred payment allocated among at least one of said investment vehicles in order to collect the information necessary to determine compliance to guidelines and targets.

The Office Action further states that OC 2000-23 does not explicitly teach identifying a liability balance comprising the step of accumulating values of assets of selected ones of said investment vehicles among each of said fund categories and said received liability allocation associated with selected ones of said investment vehicles. The Office Action states that Facciani teaches identifying a liability balance comprising the step of accumulating values of assets of selected ones of said investment vehicles among each of said fund categories and said received liability allocation associated with selected ones of said investment vehicles.

However, the Facciani does nothing to overcome the deficiencies of OCC 2000-23 detailed above. Moreover, Facciani does nothing to overcome the failure of OCC 2000-23 to teach the claimed step of divesting. For this additional reason, the rejection of claim 1 should be withdrawn.

The rejection of claim 1 should be withdrawn for the following further independent reason. The Examiner states that OCC 2000-23 does not explicitly teach divesting a portion of selected ones of said investment vehicles from a current account when said asset balance exceeds a known relation with regard to said liability balance. The Examiner takes Official Notice that it is an old and well-established business practice for financial institutions to monitor their accounts against guidelines, and to divest holdings in order to bring the accounts into compliance with the guidelines. The Examiner asserts that this Official Notice is supported by U.S. Patent Publication No. 2001/0034641 (D'Amico), and especially paragraph 98 on page 6. Applicant traverses the Official Notice, and particularly its generality. D'Amico teaches that a mutual fund advisor may alert participants when a sector in a mutual fund is in excess of a maximum allowed percentage of assets, and call for sale nominees, or decide what to sell. Thus, the guideline at issue in D'Amico relates to a guideline for mutual fund investments. The Examiner's proposed Official Notice is far more general, and such a broad general statement is not supported by D'Amico. As noted above, OCC 200-23 does not include teachings related to an asset balance exceeding a known relation with regard to the liability balance. On the contrary, OCC 200-23 only provides for alteration in the program if the hedge effectiveness drops *below* acceptable levels. One of ordinary skill would not find it obvious to combine D'Amico's teachings relating to mutual fund asset allocation rules with OCC 200-23's teaching relating to hedge effectiveness as proposed by the Examiner.

For the at least the foregoing additional reasons, there is no proper *prima facie* case of obviousness as to claim 1. Accordingly, the rejection of claim 1 under Section 103 should be withdrawn.

As the limitations of claim 15 are similar to those of claim 1, the rejection of claim 15 should also be withdrawn for at least the above reasons.

The rejection of claims 3-14 under Section 103 should be withdrawn at least by virtue of their dependence from claim 1. Similarly, the rejection of claims 16-29 should be withdrawn at least by virtue of their dependence from claim 15.

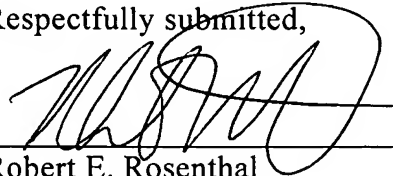
**CONCLUSION**

Applicant believes he has addressed all outstanding grounds raised in the outstanding Office action, and respectfully submits the present case is in condition for allowance, early notification of which is earnestly solicited.

Should there be any questions or outstanding matters, the Examiner is cordially invited and requested to contact Applicant's undersigned attorney at his number listed below.

Dated: March 10, 2008

Respectfully submitted,



Robert E. Rosenthal  
Registration No. 33,450  
Howard IP Law Group, PC  
P.O. Box 226  
Fort Washington, PA 19034  
Tel: (215) 542-5824  
Fax: (215) 542-5825